

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION AND REVIEW OF)	
LOUISVILLE GAS AND ELECTRIC COMPANY'S)	
CAPACITY EXPANSION STUDY AND THE NEED)	CASE NO. 9243
FOR TRIMBLE COUNTY UNIT NO. 1)	

O R D E R

To date in this docket, there have been two sets of hearings, a technical conference and several exchanges of data requests. At the first set of hearings on February 28 and March 1, 1985, witnesses for Louisville Gas and Electric Company ("LG&E") and its consultant, Stone & Webster ("S&W"), were cross-examined. At the second set of hearings on April 10 and 11, 1985, witnesses for the intervenors were cross-examined and LG&E provided rebuttal witnesses. Since the conclusion of the hearing, LG&E, as ordered, has submitted the additional written rebuttal testimony of Mr. Mark Swift and Mr. Wayne Monteau. Also, a technical conference was held at the Commission's offices on May 16, 1985, to discuss the scenarios for additional computer runs which LG&E had agreed to perform. In correspondence prior to this conference, LG&E indicated it had adopted as its official company forecasts the recently completed load and energy forecasts prepared by S&W. LG&E further stated that several of the planning scenarios from the original study would be rerun utilizing the revised forecasts. After the technical conference,

minutes of the meeting were prepared and distributed. LG&E and the Consumer Advocacy Group ("CAG") have provided responses to the minutes.

After reviewing the information, motions and other correspondence that have been filed to date in this docket, the Commission finds that there are several informational and procedural matters which need to be addressed.

First, the intervening parties should indicate their desire for cross-examining the written rebuttal testimony of Mr. Swift and Mr. Monteau. The Commission needs this information to determine the length of additional hearings.

Second, the Commission has determined that since LG&E has now adopted the revised S&W forecasts as its official company forecasts a hearing on these forecasts is appropriate. This is particularly true since LG&E will be rerunning several of the scenarios in the planning study using the revised forecasts. Although LG&E and S&W have provided the workpapers supporting these forecasts, it is reasonable to expect that the other parties and Commission staff may have additional requests after they have more thoroughly reviewed the forecasts and workpapers. Therefore, the parties and staff shall have until June 21, 1985, to make additional requests concerning the load forecasts; and LG&E shall respond to such requests by July 3, 1985.

Third, the Commission has determined that additional hearing will be required to review and allow cross-examination of LG&E and S&W witnesses concerning the additional computer runs. In correspondence to the Commission, LG&E has indicated that the

results from the additional computer runs will be available by June 27, 1985. LG&E shall file at the same time all of the workpapers used in the preparation of the additional computer runs.

In response to the minutes of the May 16, 1985, technical conference, CAG has requested that LG&E not perform the additional computer runs involving the increased availability of the Mill Creek units until LG&E provides the complete workpapers supporting the weather normalization of the 1984 actual peak load and the "starting point" for the load forecast is properly determined. The Commission agrees that all workpapers supporting the weather normalized peak be provided to all parties and the Commission. LG&E shall provide these workpapers as soon as possible. However, the Commission believes the additional computer runs as now proposed will provide useful information because they illustrate the effect of lowering the effective forced outage rate and, therefore, they shall be performed. Any issues related to the appropriate "starting point" for the load forecasts can be addressed during the hearings on the revised load forecasts.

Also in response to the minutes of the technical conference, LG&E has indicated there is a discrepancy between the minutes and their list of additional computer runs. The minutes reflected that the joint ownership arrangement should be based on a 150 megawatt purchase. LG&E believes the proposed scenario involved a 200 megawatt purchase. The Commission feels that the benefits of the seasonal joint ownership arrangement can be

demonstrated by using either figure and finds that the 200 megawatt purchase is reasonable to use.

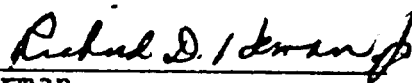
Fourth, the record in this case reflects considerable discussion and reference to an extended delay in the completion of Trimble County No. 1. However, there appears to be much uncertainty regarding the costs associated with an extended delay. Concerning an extended delay, Exhibit 30 in Volume II of the Capacity Expansion Study by S&W shows that there is not much difference between the scenarios of 100 percent LG&E ownership of Trimble County in 1988 and in 1993. Mr. Randall Falkenberg, witness for Kentucky Industrial Utility Consumers ("KIUC"), states in his testimony at page 17 that the results as reported in the S&W study could be interpreted "that the most optimal course of action is not to build Trimble County now for a 1988 in-service date but rather to delay it for an in-service date of something like 1996." However, during the cross-examination of Mr. Falkenberg on this point, it appears that there is great uncertainty concerning what the actual costs of delay are. The Commission believes a better estimate of the costs of an extended delay would be extremely useful. Therefore, by June 27, 1985, LG&E shall provide as detailed a list as possible of all of the additional costs associated with each year's delay of the Trimble County unit until 1996.


IT IS THEREFORE ORDERED that hearings to consider the matters set forth above be scheduled to begin on July 10, 1985, at 9:00 a.m. Eastern Daylight Time, at the Commission's offices in Frankfort, Kentucky.

IT IS FURTHER ORDERED that the procedures as discussed above be used during this phase of the investigation.

Done at Frankfort, Kentucky, this 4th day of June, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary